

Message Text

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ACTION EUR-12

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CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 5144
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AMCONSUL TORONTO POUCH

UNCLAS OTTAWA 09285

E.O. 11652:N/A
TAGS: ENRG, ECON, CA
SUBJECT: URANIUM PRODUCER SEES CARTEL ACTIVITIES AS LEGAL,
TERMS GOC INVESTIGATION "FOOLISH".

REF: OTTAWA 8832

1. SUMMARY. ACCORDING TO PRESS REPORT, SPOKESMAN FOR DENISON MINES SUPPORTED GOC'S ESTABLISHMENT OF URANIUM CARTEL AND REBUTTED ALLEGATIONS BY PROGRESSIVE CONSERVATIVE SINCLAIR STEVENS THAT PARTICIPANTS IN URANIUM CARTEL MAY HAVE VIOLATED COMBINES INVESTIGATION ACT. DENISON ALSO SUPPORTED GOC BAN ON DISCLOSURE OF INFORMATION RE CARTEL. SPOKESMAN TERMED "FOOLISH" RECENTLY INITIATED GOC INVESTIGATION OF CARTEL (SEE REFTEL), NOTING THAT GOC WAS AWARE OF PARTICIPANTS' ACTIVITIES AND THAT COMPANIES WERE ACTING PURSUANT TO GOC DIRECTIVES. END SUMMARY.

2. ARTICLE IN OCTOBER 20 ISSUE OF TORONTO GLOBE AND MAIL REPORTS JOINT STATEMENT BY CHAIRMAN AND PRESIDENT OF DENISON MINES SUPPORTING GOC'S ESTABLISHMENT OF URANIUM CARTEL.
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STATEMENT REBUTTS ALLEGATIONS BY PC FINANCE CRITIC SINCLAIR STEVENS THAT CARTEL PARTICIPANTS MAY HAVE VIOLATED COMBINES INVESTIGATION ACT AND ARGUES THAT CARTEL WAS NECESSARY FOR THE "SUPPORT OF AN INDUSTRY VITAL TO THE WELFARE OF CANADA." DENISON ALSO REBUTTED STEVENS' ALLEGATION THAT AURA OF SECRECY SURROUNDED CARTEL, NOTING THAT MEETINGS OF PARTICIPANTS WERE WELL KNOWN AND OFTEN RESULTED IN PUBLIC COMMUNI-

QUES. COMPANY SPOKESMAN ADDED, HOWEVER, THAT GOC BAN ON DISCLOSURE OF INFORMATION ON CARTEL WAS NECESSARY AS SHIELD AGAINST EXTRATERRITORIAL REACH OF U.S. ANTI TRUST LAW.

3. DENISON STATEMENT TERMED "FOOLISH" INVESTIGATION OF STATUS OF CARTEL ACTIVITIES UNDER COMBINES ACT RECENTLY ORDERED BY ALLMAND, MINISTER OF CORPORATE AND CONSUMER AFFAIRS. DENISON CONTENDS THAT GOC IS ALREADY FULLY AWARE OF COMPANIES' ACTIVITIES AND THAT IN ANY CASE, GOC WAS INITIATOR OF THOSE ACTIVITIES AND DIRECTED THE PARTICIPATION OF DENISON AND OTHERS. THUS, ACCORDING TO DENISON, SOLE PURPOSE OF INVESTIGATION IS TO SATISFY OPPOSITION. STATEMENT WARNED THAT CANADIAN PUBLIC SHOULD NOT BE SUBJECTED TO IRRESPONSIBLE ALLEGATIONS MADE FOR SOLE PURPOSE OF CREATING A POLITICAL ISSUE AND EMBARRASSING THE GOVERNMENT. ENDERS

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